

Central Intelligence Agency



Washington, D. C. 20505

DIRECTORATE OF INTELLIGENCE APRIL/MAY 1984 *

	CENTRAL AMERICAN MONTHLY REPORT #9	25 X ′
	Perspective	
1	Napoleon Duarte's election as President of El Salvador should carry with it opportunities for moderates to exert greater influence over national policy, to redefine and improve the executive-legislative relationship, and to exploit increasingly pronounced divisions within the insurgent alliance. Nevertheless, Duarte will have to deal with a constellation of forces that at best is uneasy with his reformist tendencies and at worst will actively seek his ouster. Thus, his major initial challenge will be to lessen the anxieties of some of these forces and thereby reduce the opportunities for the more incorrigible to foment unrest.	25X′
1	Duarte's relatively narrow victory over extreme rightist Roberto D'Aubuisson increases the chances that he will harness his ideological rigidity and impetuosity and take a conciliatory approach to the moderate right. In this, his relations with the military will be key, and while	25 X 1
5	he will soon seek the removal of a few extremist officers, he probably will press for these changes only after close	25 X 1
	consultation with the high command.	25X1
norn elec end	*This memorandum was prepared by the Central America Branch, ALA. It was rdinated with the Directorate of Operations. Publication of this issue, which mally would have appeared in early May, was delayed to include analysis of key ction returns from El Salvador and Panama. The next issue will be published at the of June. Questions and comments are welcome and should be addressed to Chief, dle America-Caribbean Division, ALA,	25X1
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The US Embassy, meanwhile, has corrected a misquote of a statement by Duarte following the 6 May balloting in which he was alleged to have publicly claimed that military harassment of the Christian Democrats had reduced his margin of victory. The Embassy notes that Duarte did not refer to military personnel in his remarks, but rather to D'Aubuisson's party. We believe that most military elements, while somewhat uneasy with their first honestly and directly elected commander-in-chief, are resigned to a new relationship with civil authority. To preserve this relationship, however, Duarte will have to take a consultative approach to any proposals for reform of the security apparatus, while rejecting guerrilla demands for power sharing and reorganization of the military.

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While these initial signs of improved relations between Duarte and the armed forces are encouraging, other signals are less so. Over the past few months, Duarte has done little to allay the anxieties of the private sector concerning his policies, according to the US Embassy. Moreover, he has appeared aloof from the National Conciliation Party, even after its leaders had refused to endorse D'Aubuisson in the runoff, thus virtually guaranteeing a Christian Democratic victory. With his party holding only 24 of 60 seats in the Assembly, Duarte as President will require the support of the Conciliationists and other moderate rightist elements if he is to avoid legislative paralysis and create a more viable centrist political force.

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His chief antagonist in such an effort will be D'Aubuisson, who appears increasingly bitter, according to the Embassy, and whose backers view their political problems in terms of a vast conspiracy led by US officials, the Central Election Council, and local labor unions. Embassy reporting indicates that extreme rightists believe the National Conciliationists threw the election to Duarte at US behest. To the extent the Conciliationists did support Duarte, we judge their motivation reflects fear of jeopardizing US military and economic assistance as well as their desire to supplant D'Aubuisson's party as the major opposition force in the 1985 Legislative Assembly elections.

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D'Aubuisson probably is also anxious over his party's failure to pick up additional political strength since the 1982 Constituent Assembly election. While D'Aubuisson received 46 percent in the 6 May balloting, he attracted only 29 percent in round one—virtually the same as he received two years ago and an ominous sign for the extreme right in terms of its ability to broaden its appeal. Rather than prompting D'Aubuisson stalwarts to examine their party's organizational and ideological shortcomings, however, such signs are likely to reinforce the party's martyr-syndrome and cause it to resume its obstructionist role in the Assembly.

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Doubtless aware of this danger, Duarte nevertheless may see the guerrillas' failure to offer a coordinated strategy against the elections as another sign of their growing—and exploitable—disunity.		D'Aubuis overture the D insurgents. W formal negotion body politic of
guerrillas' failure to offer a coordinated strategy against the elections as another sign of their growing—and exploitable—disunity. at least some non-Marxist political leaders have considered participation in the electoral process, and Duarte is likely to see the 1985 Assembly election as a possible means of further eroding leftist unity. Meanwhile, however, the insurgent alliance will continue its efforts to discredit the election, a tactic currently aided by D'Aubuisson's last minute attempt to cast doubt on the outcome by alleging voting trregularities. Nevertheless, even hardline guerrilla elements are likely to be worried by the strong popular repudiation of their cause and its potential for weakening support for the insurgents abroad, particularly in Western Europe. Of particular concern to the guerrillas may be indications that, as in the 1982 elections, attempts to intimidate the populace are counterproductive. This was particularly pronounced in the eastern department of San Miguel, where, according to US military officials, terrorist attacks following the 25 March balloting were designed to inhibit the vote in the second round. The guerrilla tactic apparently had the opposite effect, however, as the turnout on 6 May in San Miguel was 15	25 X 1	rhetorical atto
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EL SALVADOR

Political

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National attention throughout April and May focused on the runoff election between Christian Democrat Napoleon Duarte and extreme rightist Roberto D'Aubuisson. Final election figures for the 6 May contest, as reported by the US

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the population cer	eir candidate carried 10 of the nters to Duarte by substantial	backers are bitter at the outcome, e country's 14 departments, though le margins.	osing
his administration guerrillas, from p insurgent alliance Duarte's mercuria scrutinize his acti	would follow. For example, bublicly promising to rule out s, or from specifically addressing the personality and reformist te ons carefully. Nevertheless, but the constant of the personal terms of t	tle to placate the right over the poli he refrained from strong criticism o come form of power-sharing with the ing the concerns of the private sector indencies will cause the military to Embassy reporting has indicated tha	f the
there are no signs election.	that the officer corps will mo	ove against Duarte as a result of his	
hiatus in investme indications that b	nment, although some busines ent until the Christian Democr usinessmen plan to leave the c	ays the private sector has resigned it is leaders are predicting a two-mont rats' policies become clear. There a country as a result of Duarte's victor	h re no
according to the I Military	imbassy.		
6 May Presidentia aggressive sweep garrisons shortly l	l runoff. The Army, as it did operations to keep the guerril before the balloting. The insu	uced level as both sides geared up for during the first round, conducted las off balance before returning to argents, for their part, conducted spo period aimed at reducing voter turn	oradic

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NICARAGUA

Political

Church-state conflict, heavy fighting with the insurgents, and the continuing threat of an election boycott have increased tensions and hardened positions between the Sandinistas and their internal opposition. In a speech in mid-April, Interior Minister Borge declared the entire country a war zone. On May Day, Agriculture Minister Wheelock—a Sandinista Directorate moderate—cautioned that the recent relaxation of some restrictions was being abused by "local reactionaries." Meanwhile, the US Embassy reports that Sandinista mobs resumed intimidation by disrupting the inauguration of a trade school by an opposition labor union.

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The Catholic bishops' call for a national dialogue between the government and all opposition groups—including the insurgents—clearly identified the Church with opposition parties and tended to confer some legitimacy on the guerrillas. Stung by this challenge, the regime responded with harsh denunciations of Archbishop Obando y Bravo and the Church hierarchy. Catholics demonstrated their support for Obando by turning out in large numbers for Good Friday services, and the procession was marked by some apparently spontaneous anti-government incidents. We believe the Church probably will speak out strongly on electoral freedom in coming months, making additional conflict likely.

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Recent Embassy reporting indicates that the political opposition believes that popular discontent over economic conditions, military conscription, and relations with the Church have strengthened its position, and it has assumed an increasingly hard line in dealing with the government. The largest opposition party, the Democratic Conservatives, has joined the opposition umbrella coalition. According to the US Embassy, the opposition was planning to give the FSLN a deadline for meeting demands it made last December for greater freedom, including suspension of press censorship and the state of emergency, dialogue with the insurgents, and separation of party and state. We believe the government will not meet most of those conditions and probably will proceed with the elections with or without the opposition. Nevertheless, the chairman of the Supreme Electoral Council recently indicated that the state of emergency may be relaxed on 2 July, and the regime could reduce press censorship after the Council of State approves a media law. Meanwhile, the Sandinistas have begun to solicit technical and material assistance for the balloting from Western Europe.

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Military

Clashes between government forces and anti-Sandinista insurgents—on the upswing in March—continued to increase during April and early May. Managua faced its most serious challenge to date when Eden Pastora's Democratic Revolutionary Alliance temporarily captured the small southeastern port of San Juan del Norte in mid-April. Although the Sandinistas downplayed the loss,

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90 percent of the town's buildings were destroyed by Sandinista airstrikes and intense

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	ed for more than a week and finally dislodged the insurgents.	
ground righting, which last	ed for more than a week and finally disloaged the histigeness	
	andinistas appeared to be gaining the upper hand against	7
Pastora's forces in neavy in	ghting along Nicaragua's southern border.	
border incidents involving	ne increased fighting in the south is likely to create additional Costa Rican security forces, particularly if the Sandinistas are	
successful in pushing large	numbers of Pastora's forces back across the Rio San Juan.	
government retribution for Army atrocities against the the fears of the Miskito vil a dozen people were wound	large group of Miskito refugees fled to Honduras in fear of insurgent attacks in the northeast. Other refugee reports of e civilian population in southeastern Nicaragua indicate that lagers were well founded. Other press accounts indicate that led in a dawn raid on the Sandinista Army post at Sumubila dly burned the town's health center, a food warehouse, and	
other facilities.	dy butiled the towns housen contary a rosa war should be	
other faculties.		
In the north, the Nicoffensive in March—contin Segovia during April.	earaguan Democratic Force—which launched a major new ued to press Sandinista forces across Jinotega and Nuevo both sides sustained heavy casualities April Interior Minister Borge publicly admitted that some 219	
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	MIG fighter aircraft will be introduced into Nicaragua when construction of Punta Huete airfield is completed in October. The aircraft reportedly will be prepositioned in Cuba in
	June construction of the airfield has accelerated during the past few months, suggesting that an October completion date is realistic providing the weather remains favorable.
	GUATEMALA 25X1
	Political
ĺ	participated in the 1982 presidential election, several new left-of-center parties have been inscribed and other leftist groups are joining them in alliances. Most leftist groups have little financial backing and weak organizations, but one left-of-center alliance has been joined by Guatemala's largest trade union confederation. Meanwhile, the government says that over 2,200,000 voters have been registered and the total may have reached 2.5 million by the close of the registration drive on 10 May.
1/2/3/1	We believe the participation of the democratic left—including some radical groups—will add credibility to the contest at home and abroad. Moreover, in our opinion, Mejia will try to insure the integrity of the election by maintaining government neutrality, by proscribing official abductions and assassinations of leftist politicians—even those linked to the guerrillas—and by encouraging a large voter turnout. Embassy reporting indicates the level of violence has increased over the last several months, but we judge that it will not undermine the election unless it is redirected against the left-of-center parties. A more difficult problem for the government may be getting out the popular vote, particularly in rural areas where Embassy reporting indicates little interest in the election. Nevertheless, a grassroots effort by the government to encourage participation could leave it vulnerable to charges
1	of manipulating the voters, particularly the aution or so indians organized by the
	of manipulating the voters, particularly the 800,000 or so Indians organized by the military into civilian defense patrols.
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1/2/2/2/	their own credibility, but disagreements on an election strategy reflect their lack of unity.	25) 25
187	6/7 Economic	
シンン	Guatemala and the IMF appear to be heading for a major confrontation. The Fund maintains that Guatemala has fallen out of compliance with agreed-on limits to its budget deficit, and warns that the remaining \$60 million in the country's standby agreement is in jeopardy. According to the US Embassy, the Fund is calling for a 10 percent tax hike, but Mejia and other senior officials have publicly repudiated tax increases. The Fund is also asking for an 11 percent spending cut, pointing to its own projections that current policies will cause a sharp deterioration in Guatemala's foreign exchange position later this year. Despite its worsening economic prospects, we do not believe the government will give in to the Fund easily, and the US Embassy indicates the confrontation could result in the ouster of some top financial officials.	25)
	HONDURAS	
	Political	
	The forced resignation of General Alvarez last month is prompting some disquiet in the military.	
	These concerns are aggravated by the perception that Alvarez's replacement, General Lopez, is a weak leader and that the civilian government	2
3	has been lax in its tolerance of recent leftist demonstrations.	25) 25)
	Alvarez's removal also has had regional repercussions, especially among those	

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1,5, 1 0	border, and we believe they will engage in further limited incursions against insurgent camps and units. They also are likely to continue their efforts to intimidate the Monge government, much as they have for the last two years.	25X1
1,2	Meanwhile, emergency disbursement of US aid funds relieved Costa Rica's second foreign exchange crisis this year. The IMF has accepted Costa Rica's letter of intent, according to the US Embassy, and two remaining preconditions on a \$56 million standby loan are likely to be worked out soon. Before San Jose will actually be permited to draw on the funds, however, the IMF is insisting on two additional policy changes: a gas tax hike and maintenance of a "flexible"—i.e., devalued—exchange rate. We believe the former measure probably will win legislative approval despite strong opposition, but the Central Bank is likely to make only a token devaluation at best and persuade the Fund to ease off somewhat on a devaluation requirement. Nevertheless, failure to do so will	
	virtually assure recurrent foreign exchange crises. PANAMA	25X1
	Political	
2 3	Officials of the Electoral Tribunal announced on 16 May—some 10 days after voters went to the polls to select their first civilian head of state in 16 years—that progovernment candidate Nicolas Barletta had edged out perennial opposition nominee Arnulfo Arias by only 1,713 votes. The government-controlled Tribunal was charged with naming the winner when national counting board members could not reach a decision on the numerous returns challenged by both major coalitions.	25X1
-15/6	By raising enough challenges to throw the election into adjudication, Defense Forces Commander Noriega evidently believed that he could ensure Barletta's victory, while maintaining a facade of legitimacy for the balloting.	25X1 25X1
ı	The US Embassy later reported that only the president of the Tribunal, who is not considered sympathetic to the government, dissented in the decision to name Barletta the winner.	25X1
1/4	The close vote—less than 1 percent separated the two major contestants—almost certainly has reinforced the opposition's belief that the government used fraud to ensure Barletta's victory. The Embassy reports, for example, that supporters of Arias may now ask citizens to withhold utility and other payments to the government in protest. They also are considering sending letters to US officials and members of the international press about their concern over electoral fraud by the government. The opposition	5X1
		25X1

lea Ne tha	eviously had threatened to call for a general strike if it lost, but more moderate ders may encourage Arias to refrain from inciting action against the government until e results of the 67 legislative races—still delayed by appeals—are known. vertheless, early clashes between the two sides resulted in one person killed and more in 40 injured, and more violence could occur. While the Defense Forces have been tient in dealing with the sporadic outbursts, we believe they will feel less constrained we that Barletta's victory has been assured.
ac pe	Meanwhile, as many as seven of Panama's 15 legally registered parties could fail obtain the 3 percent of the total vote that is needed to retain their legal status, cording to the Embassy. The leftist parties probably will be hurt the most by the 3 reent-rule, but several of them could make a deal with the government to maintain eir legal standing.
wi sh th	e more radical leftist parties such as the Socialist Workers Party, however, reportedly ll not receive the backing of the Defense Forces. Meanwhile, the generally poor owing of the left in the elections, the controversy surrounding Barletta's victory, and e possibility of an opposition boycott, are likely to reduce voter participation in local ections scheduled for 3 June.
	REGIONAL PEACE NEGOTIATIONS
if coat Cosu	Regional peace talks continued to make slow progress amid signs of growing sillusionment by Venezuela and Colombia, and a Mexican threat to abandon Contadora future sessions bog down. Meetings of the political, military, and economic working emmissions came to a standstill in early April after the Sandinistas unsuccessfully tempted to introduce a resolution condemning US aggression. Nevertheless, the entral Americans were able to comply with the 30 April deadline to forward their ggestions for a draft treaty. All nine foreign ministers met in Panama at month's end send the working commission reports to the four Contadora countries for synthesis
	to a single document.
m	the Contadora mediators will ake some final recommendations and offer alternatives in areas where there is no onsensus. The Contadora foreign
m ec	the Contadora mediators will ake some final recommendations and offer alternatives in areas where there is no onsensus.
m economic management of the conomic	the Contadora mediators will ake some final recommendations and offer alternatives in areas where there is no onsensus. The Contadora foreign inisters plan to travel to the Central American countries in early June to present their
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logistic and communications center, and that the regime take steps to assure free elections and genuine nonalignment. While several participants have said that no decision was made to bring the US and Cuba into the Contadora discussions, Panamanian Foreign Minister Ortega told the US Embassy that individual Contadora members may make "frank representations" about the need for US-Cuban dialogue. Moreover, the group as a whole is likely to approach both countries to request them to support a treaty.

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COMING EVENTS IN CENTRAL AMERICA

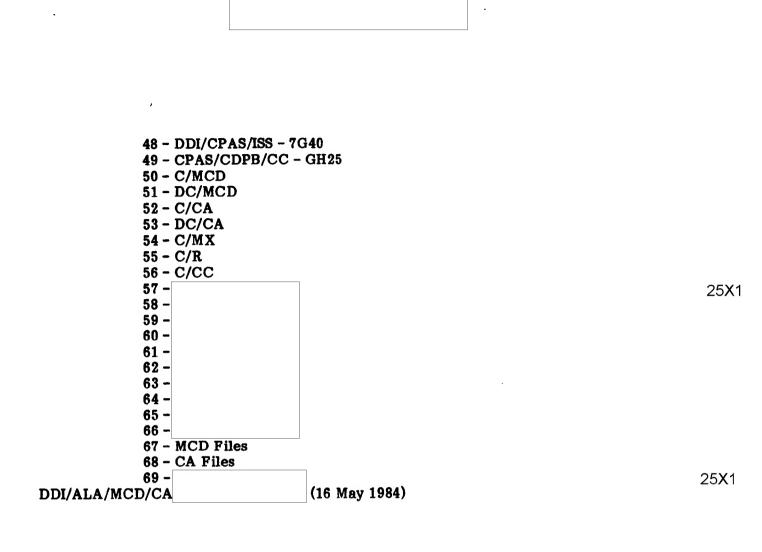
EL SALVADOR	1 June	Inauguration of President-elect Duarte.
	30 June	Decree 207, Phase III of the Land to the Tiller Agricultural Reform, expires unless renewed by the Assembly.
NICARAGUA	2 July	Sandinista proposed date for lifting the State of Emergency and allowing limited campaign activities.
GUATEMALA	1 July	Constituent Assembly Election.
HONDURAS	late May- mid June	Grenadero I, Second Phase of joint exercises between US and Honduras.
COSTA RICA	29 May- 28 June	President Monge to visit 11 European countries.
PANAMA	3 June	Mayoral and Municipal Elections.
	late June	Defense Forces Commander Noriega to visit France.
CONTADORA	early June	Contadora Foreign Ministers to visit Central American countries to present peace recommendations.

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